



Using Evaluation in the Canadian Expenditure Management System

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The Canadian Context

- Evaluation has been practiced since the late 1970's
- There are challenges:
 - Programming is weighted towards transfer payments
 - Many programs have cross governmental boundaries
- Over 90 departments and agencies in the federal government
 - \$210B in expenditures (2007-08)
 - Approximately 250,000 public servants





The distinction between Evaluation and Strategic Reviews

Evaluation –

- periodic, systematic assessments of programs, policies or horizontal areas to provide independent, credible information on relevance, success and cost-effectiveness
- grant and contribution programs must be evaluated on a five year cycle and all are considered in Cabinet (Treasury Board)
- For other programs, a risk based approach is used

Strategic Reviews –

- reviews of overall departmental spending (or strategic horizontal issues)
- used to inform the Budget planning process
- Canada has not had cyclical reviews since the late 90s but the Government has promised that they will return



The details on strategic reviews are still being worked out

- Treasury Board led reviews of each department's spending on a four-year cycle
- Objective is to determine whether programs are achieving their intended results, are efficiently managed and are aligned with the Government's priorities
- Evaluations, audits and other management performance information will be used to inform these reviews
- Results will feed directly into Budget planning
- Reviews will be supported by:
 - Up front discipline on new spending proposals
 - Managing to results (performance measurement and evaluation of all programs)



Who is responsible for evaluation in the Government of Canada?

- Treasury Board Secretariat (TBS) is responsible for government-wide **management policy development and oversight**, including evaluation policy and standards
- TBS is also responsible for **expenditure management and financial oversight**, including the use of evaluation information in these processes
- The Department of Finance is responsible for developing an annual **Budget** and a multi-year fiscal framework
- Not directly responsible for the evaluation function but does its own departmental evaluations



Who conducts evaluations and how are they used?

- Evaluations are done by departments and agencies:
 - Approximately 200 each year – about 10% of program spending
 - 240 people are engaged – with a total budget of \$35M
 - Many supported by contractors
 - All large departments have dedicated evaluation units
 - Some horizontal or cross-organizational evaluations conducted
- Evaluation is used by departments mainly to support program improvement and resource allocation
 - All evaluations are made public - TBS policy requirement
- Some are used by central agencies to inform funding decisions
 - Periodic Treasury Board review of transfer payment programs
- Resource investments are required to double coverage



How is the quality of evaluations monitored? How so we motivate improvement?

- All evaluation reports are centrally assessed
- TBS assesses quality against a set of standard criteria:
 - Do baseline data describe the situation before the program?
 - Were program objectives and performance measures established up-front to support the evaluation and measure results?
 - Does the evaluation use appropriate methodology to gather evidence?
 - Does the report include answers on value-for-money (relevance and performance)?
- All assessments are on a database
- Feedback is provided through an annual management assessment
 - *Management Accountability Framework* (MAF) includes evaluation performance indicators
 - MAF assessments feed into Deputy Head appraisals



What are the main challenges in using evaluation to support decision-making and the budget process?

- A detailed assessment has revealed some issues:
- Uneven quality, timeliness and strategic focus:
 - current coverage cycle is too long
 - can be self-serving when funded by program managers
- Capacity:
 - need better external recruitment and training programs
 - need standard competencies for those who lead evaluation
- Current TBS evaluation policy:
 - no clear standards around quality and use of evaluation
 - focus is too much on program or management-process improvement – rebalance toward cost-effectiveness



Two main drivers will increase scrutiny of program performance and demand for evaluation

- New ***Federal Accountability Act***
 - all Grant and Contribution Programs be evaluated (relevance and effectiveness) over a five-year period
 - Parliamentary Budget Office
 - Accounting Officer concept

- Last two budgets have committed to renewing the **Expenditure Management System**
 - results and value-for-money to inform priority setting and decision-making
 - evaluations will be a critical input



A new Policy on Evaluation has been prepared

Challenges

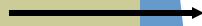
1. Uneven Quality



2. Low coverage
(particularly non-G&C)



3. Independence



4. Evaluation Capacity Low



5. TBS oversight



Proposed solutions outlined in new policy

Re-focus evaluation on value-for-money and introduce new flexible evaluation tools

Full coverage of all programs with evaluation effort determined by risk, complexity and materiality

Deputy Head owns evaluations
TBS continues monitoring and challenge function
Program manager role is redefined

Establish certification, training and standards for evaluators

TBS to sit on departmental evaluation committees



Key Implementation Challenges

- Meeting a “100% in five years” coverage target:
 - Internal efficiencies (i.e., reorientation of existing effort and new tools) will help meet increased coverage requirements, but some investment will be required
- Evaluation function to be evaluated in 5 years with a report back on quality, coverage and use of evaluation information
- Will take three years to phase in the whole package



Useful resources

- Government of Canada - http://canada.gc.ca/main_e.html
- Treasury Board Secretariat - http://www.tbs-sct.gc.ca/index_e.asp
- Finance (Budget) - <http://www.fin.gc.ca/fin-eng.html>
- Evaluation - <http://www.tbs-sct.gc.ca/eval/>
- Results-Based Management (MRRS, Evaluation, Improved Reporting to Parliament) http://www.tbs-sct.gc.ca/rma/rbm-gar_e.asp
- Management Accountability Framework - http://www.tbs-sct.gc.ca/maf-crg/index_e.asp
- EMIS - http://www.tbs-sct.gc.ca/emis-sigd/index_e.asp